# GOVERNMENT OF INDIA
# STEEL
# LOK SABHA

STARRED QUESTION NO:204
ANSWERED ON:01.08.2016
Deferred Repayment by Steel Companies
Hari Shri G.

**Will the Minister of STEEL be pleased to state:**

(a) whether the Government has taken note of downturn in the steel sector globally including India and if so, the details thereof;

(b) whether the Government is considering to ease the repayment mechanism further for cash starved steel companies facing the financial crunch due to persistent slowdown and if so, the details thereof;

(c) whether many steel companies have approached the Government in this regard and if so, the details thereof and the follow-up action taken by the Government; and

(d) the steps taken to boost demand of steel in the country?

## Answer

THE MINISTER OF STEEL (SHRI CHAUDHARY BIRENDER SINGH)

(a)to(d): A Statement is laid on the Table of the Lok Sabha.

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STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF THE LOK SABHA STARRED QUESTION NO. *204 FOR ANSWER ON 01/08/2016 TABLED BY SHRI G. HARI, MEMBER OF PARLIAMENT REGARDING "DEFERRED REPAYMENT BY STEEL COMPANIES"

(a) Yes, Madam. The Indian steel industry is currently passing through a severe downturn, due to global overcapacity, resulting in major steel producing countries selling their products in India at prices often lower than their cost of production. Consequently, domestic producers have had to significantly reduce prices, thereby eroding their profit margins.

(b)&(c): Representations have been received from Indian Chamber of Commerce and Indian Steel Association to consider working out a suitable package to support steel industry. Reserve Bank of India has issued detailed guidelines on restructuring of debts of viable entities affected by internal or external factors. Further, Reserve Bank of India has also issued guidelines on flexible Structuring of Existing Long Term Project Loans to Infrastructure and Core Industries. The banks also have recourse to a Corporate Debt Restructuring mechanism. The above mentioned provisions are available for steel industries facing financial stress.

(d) There is significant potential for growth of Indian Steel sector underscored by the fact that per capita steel consumption in the country at 61 kg is much lower than the global average of 208 kg. The steel industry is also expected to benefit from the budget allocation of more than Rs. two lakh crores towards infrastructure in Financial Year 2016-17, which will spur steel demand.

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